# In the Supreme Court of the United States

**OCTOBER TERM 1943.**

## No. . . . . .

OIL CITY REFINERS, INC.,
*Petitioner,*

vs.

SOCONY-VACUUM OIL COMPANY, INC.,
*Respondent.*

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**BRIEF FOR PETITIONER**
**In Support of the Accompanying Petition for Writ of Certiorari.**

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### OPINIONS OF THE COURTS BELOW.

The opinion of the District Court is recorded in 44 F. Supp. 439, and is found in the record at page 64. The judgment of the District Court (R. p. 65) specifies the scope of injunction granted against the petitioner, while a supplemental decree of the District Court enjoining the petitioner from using a red background for the symbol for a flying white horse may be found in 52 U. S. P. Q. 643. The opinion of the Circuit Court of Appeals is reported in 136 F. (2d) 470 and is found in the record page 267. The petition for rehearing in the Court of Appeals appears in the record at page 275, and the order denying the petition may be found in the record at page 299.

### JURISDICTION.

The opinion and order of the Court of Appeals were entered on June 22, 1943. Petitioner duly filed and presented a petition for rehearing (R. p. 275) which was con-

sidered by the Court and was denied on the 31st day of August, 1943 (R. p. 299). This was the final order of the Court below; whereby the time permitted for filing this petition extends until November 30, 1943.

The statute under which jurisdiction is invoked is Section 240 (a) of the Judicial Code (28 U. S. C. A. 347 as amended).

## STATEMENT.

The facts are thought to be sufficiently stated in the summary statement which is a part of the petition, except as they are in some respects elaborated in detail in immediate connection with portions of the following argument to which reference is hereby made.

## SPECIFICATIONS OF ERROR.

The specifications of error are in substance all included in the statement in the petition under the heading "The Questions Presented," and are to some extent reiterated under the heading "Reasons Relied Upon for the Granting of a Writ of Certiorari." In amplification of such formal statements, we submit that the Circuit Court of Appeals for the Sixth Circuit erred:

1. In holding that although petitioner was the first to adopt and use the symbol of a flying horse as a trade mark, and had used it in various colors including red prior to the use thereof by respondent anywhere in the United States, and particularly in the State of Ohio, and although petitioner had an established right in the flying horse symbol for a trade mark for petroleum products in advance of use thereof in the United States by respondent, nevertheless, respondent gained a superior right against petitioner to use the mark in a color red, notwithstanding the fact that respondent was notified of infringement of petitioner's common law rights at the time respondent entered the field.

2. In deciding this case as though it were solely an action for unfair competition, without regard to the fact that the mark in question is a technical trade mark; without regard to the fact that use by the respondent of the mark is presumed to be fraudulent, and without regard to the fact that respondent had due notice of infringement at the time it entered the field.

3. In holding that petitioner, though the first user of the trade mark, is not thereby relieved of respondent's charge of unfair competition based on the claim that petitioner subsequently used the color red for its flying horse symbol to the exclusion of other colors. The Court erroneously applied the Ohio decisions, as if they supported such conclusion. On the contrary, the Ohio decisions cited by the Court of Appeals sustain petitioner's contention that the first to use a technical trade mark in the State of Ohio has an exclusive right to use it regardless of color, as against an infringer, and is entitled to an injunction and an accounting against the infringer.

4. In concluding that petitioner chose its color to resemble more closely the color used by respondent, and in holding that petitioner resumed its use after partial cessation thereof for the purpose of appropriating a part of respondent's business, without evidence to support such conclusion, and in disregard of the findings by the Master and by the District Court that petitioner had at no time abandoned the mark.

5. In holding that petitioner over a period of years had used various trade symbols and that the petitioner had selected out of such group a single symbol, whereas the various items referred to by the Court of Appeals were not in fact trade marks, but billboard advertising that occurred prior to respondent's entry into the field. The only trade mark use is that which appears on the goods and the evidence establishes that the only trade mark petitioner used on the goods was a single symbol of a flying horse.

6. In holding, without any proof whatever, that petitioner *remodeled* its trade mark to resemble the mark of respondent. There was no change to justify the charge of "remodeling." True, the District Court referred to respondent's earlier symbol of the flying horse as of "horse power design," and the Master said it was a "somewhat less streamlined type of flying horse," but neither the District Court nor the Master considered petitioner's offense to lie in any such refinement. In the Complaint petitioner was charged only with having concentrated its use of a horse in a red color after respondent had used such color. The Complaint is silent as to the shape of petitioner's horse prior to 1937.

7. In holding that petitioner used a red horse exclusively since 1937, whereas the evidence shows that petitioner was still using other colors even up to and during the time of the trial.

8. In holding that petitioner availed itself of unfair means to sell its products to the ultimate purchaser as those of respondent, whereas the Court should have found that respondent was a trespasser *ab initio* on petitioner's common law rights, and as such could obtain no rights against petitioner.

9. In holding that although petitioner has prior established rights in the flying horse as a trade-mark symbol in the State of Ohio, nevertheless it is not entitled to an injunction nor an accounting nor any award of costs either before the Master or the District Court.

10. In not instructing the District Court to award to the former defendant, John Roski, his costs before the District Court and the Master, in view of the fact that the Master and District Court had dismissed the complaint as to Roski and the Court of Appeals affirmed the dismissal.

## SUMMARY OF THE ARGUMENT.

I. It is of great public importance to determine the extent of the rights of the first to adopt and use a *technical* trade-mark in the United States, and specifically within any one of the United States, as against one who has subsequently entered the field with the same mark, against the protest of the first user, but who has appropriated that trade-mark in only one of the colors used by the first user.

II. It is important to have this Court determine whether one who had registered a mark in the Patent Office but had not used it in the United States before another had independently adopted and used it in one of the States, specifically Ohio, can acquire a *superior* right of use as against such first user in Ohio, sufficient to gain for itself not only the right to continue to use the technical mark in question in Ohio, but also to have the *exclusive* use thereof in one color, notwithstanding the fact that the first user in Ohio had previously used it in that color and other colors.

III. Assuming it to be settled law that where a technical trade-mark is imitated fraudulent intent to deceive is presumed, and assuming that a first user (petitioner) has prior established rights in a technical trade-mark in the State of Ohio, it is important to know how, in the absence of abandonment or laches, the status of an infringer, after notice, can change from that of a trespasser, not only to one having a coordinate right to use the symbol, but also to one having the *exclusive* right to use one of the colors which the first user had employed prior to the entry of the second user into the field.

IV. There being no use of the mark by petitioner outside Ohio, though diversity of citizenship authorizes proceeding in a federal court, local law governs the rights as between parties. In Ohio, the first to use a technical trade-mark is not only entitled to the *exclusive* use thereof, regardless of color, but is also entitled to an injunction and an accounting against an infringer.

V. The admission by respondent of the absence of jurisdiction based on its U. S. registration does not make this a case solely for unfair competition, because petitioner's counter-claim for infringement of its common law rights establishes jurisdiction. The respondent is in the District Court for the Northern District of Ohio by its own choosing, and is responsible for the petitioner's technical trade-mark infringement being tried in that District and in this case.

VI. The Court of Appeals based its decision on a misunderstanding of the Master's report with respect to the petitioner's continuous use of the trade-mark and with respect to modifications in the portrayal of petitioner's flying horse. The Court of Appeals treated the findings of the Master as if he had held that petitioner's use of the flying horse trade mark (independent of color) before the respondent entered the Ohio territory, was sporadic. The Master, however, used the term "sporadic" only in connection with the color red on the horse, and that was prior to 1932.

VII. The Court of Appeals treated petitioner's use of the trade-mark as though petitioner had abandoned it, or laches prevented enforcing it, whereas the Master's report is to the effect that there was no abandonment and no laches, and the respondent took no exception to the Master's report.

VIII. If there be fraud in this case respondent's wanton and deliberate infringement of petitioner's common law rights was fraudulent *ab initio*.

IX. The petitioner having been the first to adopt and use the symbol of the flying horse as a trade-mark for petroleum products in Ohio is entitled to recover costs in all tribunals.

X. The Complaint having been dismissed as to the defendant John Roski by all tribunals, he is entitled to

recover his costs before all tribunals, not merely in the Court of Appeals.

## ARGUMENT.

### I. PUBLIC INTEREST AND IMPORTANCE.

It is obviously important to every owner of a technical trade-mark throughout the United States to know whether, in the absence of abandonment or laches, he can lose the exclusive right to use the mark in the territory preempted by him, as against one who subsequently enters the territory with the same mark and continues to use it over the protest of the first user. It is equally important to know whether greater extent of the use by the second user, and the fact that the second user has displayed the symbol in only one color, are circumstances which preclude the first user from utilizing the same color, and are circumstances which give the second user a coordinate right to use the symbol in question.

This Court, in *United Drug vs. Rectanus*, 248 U. S. 90, has denied to the second user the right to prevent the first user from continued use of the mark in question, but did not decide whether the first user could enjoin the second user and was entitled to an accounting therefor. The defendant in the *Rectanus* case did not, as did the petitioner in this case, file a counterclaim for infringement, but the implication is that this Court would have granted an injunction if the defendant had properly requested it, because the Court states:

> "There was nothing to prevent the State of Kentucky (saving, of course, what Congress might do in the range of its authority) from conferring affirmative rights upon Rectanus, exclusive in that Commonwealth as against others whose use of the trade mark there began at a later time than his; but whether he has such rights, or respondent now has them, is a question not presented by the record; there being no prayer for an

injunction to restrain petitioner from using the mark in the competitive field."

This Court therefore has not heretofore decided definitely whether a defendant can by counterclaim assert his exclusive rights to the use of a technical trade-mark in the disputed territory, and such question is now squarely presented by the record in this case.

The theory of the Court of Appeals that the owner of a trade-mark must so restrict his use thereof as not to interfere with the free use of one color of that mark by an infringer, who entered his territory over his protest, is so manifestly unjust and such a violation of the fundamental rights of trade-mark owners as to call for the exercise of this Court's power of supervision, in the public interest.

The reasoning of the Court of Appeals, as set out in its opinion, seems to be that notwithstanding the fact that petitioner "had made sufficient use of the mark of a flying horse to acquire a prior right therein" before respondent entered the territory, and notwithstanding the fact that "the difference in color between a flying red horse and a flying white horse was not sufficient to avoid confusion in the public mind," nevertheless the exclusive right to the flying red horse would become transferred by operation of law from petitioner to respondent if petitioner (1st) having used several trade-marks prior to the entry of respondent into the field ceases after such entry to use any of the marks except a flying horse, and (2nd) uses such horse always in a red color, and (3rd) uses it in a form remodeled to resemble more closely respondent's form.

We note in passing that each of the three assumptions of fact is contrary to the evidence, which shows (first) that the other marks used by petitioner were not trade-marks but billboard advertising (*Dederich v. W. Schneider*, C. C. A. 8, 195 F. 35), and that before respondent entered the field petitioner had concentrated on the flying horse as his

trade-mark; second, that petitioner, while usually employing a red horse, continued to use other colors after respondent entered the field, a white horse being used at some stations at the time of the trial; third, that there was no remodeling of petitioner's flying horse.

But even if all of the above facts were as the Court of Appeals considered them to be, we submit that the petitioner was within his rights in doing every one of those things, and that respondent did not thereby obtain a superior right or even a coordinate right to use the flying red horse symbol.

We believe it is well established law; first, that one may use several trade-marks without vitiating his right to any particular one.

> "A manufacturer or dealer may secure the right to be protected in the exclusive use of as many separate trade-marks as he first adopts and then so continuously uses that they clearly become to purchasers and those who intend to purchase distinguishing marks of the origin and character of goods he makes and sells." *Layton Pure Food Co. vs. Church & Dwight Co.*, 182 Fed. Rep. 24, Court of Appeals, 8th Circuit.

> "In principle, there is no possible ground for refusing to recognize any number of trade-marks which are really such." Judge Learned Hand in *Loonen vs. Deitsch*, 189 Fed. Rep. 487.

Comparison of Defendant's Exhibit 570 (R. p. 99) with Defendant's Exhibit 526 (R. p. 97) is one illustration of what the refinement in shape amounted to. Both the Master and the Court were of the opinion that confusion would result between petitioner's representation of a flying horse and respondent's representation even if they were of different colors.

A trade mark is not avoided by portraying the appropriated design in a slightly more artistic manner. Numerous decisions could be cited to that effect, but a recent decision by the Assistant Commissioner of Patents is so per-

tinent that we call attention to it. There, the applicant's mark was for a horse described as "slender," whereas the prior registered mark was a horse referred to as "stalwart"; it was held that such a difference was "insignificant to insure against confusion." (*Ex parte Nadell,* 45 U. S. P. Q. 671.)

That the flying red horse was the particular insignia which petitioner was emphasizing as its trade-mark is shown by the radio broadcasts, Rec. pp. 214 to 220, delivered at various times during October, November and December 1931, more than a year before respondent entered the field. In at least seven out of eleven broadcasts the hearer is urged to buy his gasoline at "the sign of the flying red horse."

Second, that a trade-mark of distinctive shape is independent of color.

> "The owner of a valid trade-mark, otherwise distinctive, may, however, be protected against appropriation by a rival dealer through mere change in color." *Samson Cordage Works vs. Puritan Cordage Mills,* 211 Fed. Rep. 603, Court of Appeals, 6th Circuit.

Third, that minor changes in a distinctive shape of a trade-mark are immaterial. *McLean vs. Fleming,* 96 U. S. 245.

Dr. Derenberg in *Trade Mark Protection and Unfair Trading,* 1936, page 645, says:

> "In general, it is believed that picture trade marks are more susceptible to changes and variations than mere word trade marks. A twin brother trade mark, for instance, would still be associated by the public with the original article, even if it were to reappear in a different form or color."

## II. REGISTRATION AND USE ABROAD.

The *Rectanus* case, *supra,* has settled the proposition, that neither respondent's prior federal registration, nor prior claimed use abroad has given respondent any right as against petitioner, in Ohio, where the principles of the common law prevail. The Circuit Court of Appeals in the case at bar, however, affirmed the judgment of the District Court, and the District Court (R. pp. 65, 66) accorded to respondent established rights in the flying red horse because of

(a) Prior Federal Registration, and

(b) Prior use abroad.

The misapplication of the rule as defined in the *Rectanus* case is therefore obvious.

The ruling of the District Court, apart from the decision in the *Rectanus* case, is irreconcilable with the finding of the Master (R. p. 29) who stated:

> "Such rights as the plaintiff may have acquired by registration and by use at a distance so remote from Ohio that it cannot be said that these rights would be affected by the defendant's use in Ohio are not here involved. * * * However, it seems to be equally plain that such use of a mark would not alone and of itself be sufficient to preclude the defendant's use of a similar mark in Ohio, and counsel for the parties are in agreement about this."

The District Court having based its conclusion on two premises, each of which is inapplicable, and is so conceded by respondent, and each of which is directly in conflict with the *Rectanus* decision, it is important that the law be correctly applied and definitely settled by this Court.

## III. SUPERIOR RIGHTS.

The Special Master, in finding that respondent acquired a superior right of use as against petitioner, did so on the authority of *Jenny Manufacturing Company v.*

*Leader Filling Stations Corporation,* 291 Mass. 398, 196 N. E. 852; 26 U. S. P. Q. 185 (R. p. 48) but that case involved a *descriptive* mark which had acquired a secondary meaning rather than a technical trade-mark. The rule illustrated by that case gives to the second user a superior right based on extensive advertising and use, where the first user had not advertised or used sufficiently to establish a *secondary meaning.* A descriptive mark is one not subject to *exclusive* appropriation until it has been used sufficiently to acquire a secondary meaning. A technical trade-mark, on the other hand, is one subject to exclusive appropriation, from the time of its adoption and therefore requires the application of a different rule of law, because an infringer has the entire knowledge of mankind to draw upon in adopting a mark. Where he adopts one that is similar to that of a prior user a fraudulent intent to deceive is presumed. As stated by the Circuit Court of Appeals in its opinion, (R., p. 272):

> "In cases involving technical trade-marks, the fraudulent intent to deceive is presumed * * *."

The same rule applies in Ohio. *Safe Cabinet Company v. Globe Wernicke Company,* 3 O. App. 24.

Fraud, in the case at bar therefore, was not by the petitioner, but by respondent in wantonly appropriating petitioner's trade-mark in the territory where petitioner had established it.

## IV. OHIO LAW.

Jurisdiction of the Federal Court in the case at bar depends upon diversity of citizenship, because defendant has not used the mark outside the State of Ohio.

In the *United States Printing and Lithograph Company vs. Griggs, Cooper & Co.,* 279 U. S. 156, this Court at p. 158, said:

> "But neither authority nor the plain words of the Act allow a remedy upon it for infringing a trade-mark

registered under it, within the limits of a State and not affecting the commerce named."

That case came to this Court on certiorari to the Supreme Court of the State of Ohio, which, in disregard of the *Rectanus* case, had held that a Federal registration might project the right of the plaintiff into a territory in advance of the use of the mark therein. This Court reversed such holding.

Under *Erie Railroad vs. Tompkins,* 304 U. S. 64, the law in the State of Ohio is controlling. Ohio has adopted the common law rule which is that when a technical trade-mark is imitated that fact itself constitutes a ground for relief. *Drake Medicine Company vs. Glessner,* 68 O. S. 337.

In Ohio, the first to use a technical trade-mark is not only entitled to the *exclusive* use thereof, regardless of color, but is also entitled to an injunction and an accounting against an infringer.

In *Safe Cabinet Company vs. Globe Wernicke Co.,* 3 Ohio App. 24, 38 (Hamilton County), the Court said:

> "In the later case of *Drake Medicine Co. v. Glessner,* 68 O. S. 337, the question is well considered and the opinion by Davis, *J.*, shows that the law of Ohio in regard to this subject is in accord with that of the Federal Court, and the other states. This case upheld the rule that if simulation is clearly shown, positive proof of fraudulent intent is not required but may be presumed; that if the similarity be such that persons exercising ordinary caution are liable to be misled into purchasing one article when they intended to purchase the other, injunction will be allowed."

Petitioner has obtained registration in Ohio of the symbol of the flying horse as a trade-mark for petroleum products, but registration in Ohio is not compulsory, because at common law the first to adopt and use the mark in the State of Ohio is the rightful owner thereof, and he is entitled to protection even though he registers after the infringement began. *Lloyd vs. W. S. Merrill Chemical*

*Company,* (1891) 25 Weekly Law Bulletin 319. Accordingly, if petitioner had the right to an injunction in 1933, it has, in the absence of abandonment or laches, that right at the present time. The Special Master and the District Court have found that there has been no abandonment and no laches. (R. pp. 44 to 47 and R. p. 67.)

Under Ohio Law, the first to use a technical trade-mark in Ohio is entitled to an injunction against one who later enters the field but uses the symbol in a different color. *Richardson vs. Westjohn* (1880) 6 Weekly Law Bulletin 233. In that case the first user of a *white* star as a trade-mark obtained an injunction against a competitor who subsequently entered the field with a star of *different* color.

The opinion by the Circuit Court of Appeals makes reference to certain Ohio cases (R. p. 270) as supporting the proposition that even though petitioner was the first user of the mark it is not thereby relieved of the charge of unfair competition. It is difficult to reconcile such proposition with such Ohio decisions because none of them involved a situation where the second user infringed a *technical* trade-mark and then claimed a right against the first user on the ground of unfair competition. On the contrary each case supports the proposition that the *first to use a trade-mark is entitled to prevail.*

The cases cited are:

*Drake Medicine v. Glessner,* 68 O. S. 337;

*Globe-Wernicke Company v. Safe Cabinet Company,* 92 O. S. 532;

*Safe Cabinet Company v. Globe-Wernicke Company,* 3 O. App. 24;

*Pillsbury-Washburn Flour Mills Company v. Eagle,* 86 F. 608 (C. C. A. 7);

*Samson Cordage Works v. Puritan Cordage Mills,* 211 F. 603 (C. C. A. 6).

A detailed analysis of each of the aforesaid decisions appears in our Petition for Rehearing (R. pp. 289 to 292);

hence, for brevity, reference is respectfully made thereto for the reasons that support petitioner's contention that the Circuit Court of Appeals failed to apply the prevailing rule of law in Ohio.

The Circuit Court of Appeals made reference in its opinion (R. p. 271) to *Hugo Stein vs. S. B. Stein,* 16 N. E. (2d) 609; 58 O. App. 377, and to *Black & White Taxicab Co. v. Goldstein,* 20 O. N. P. N. S. 599; 29 O. D. N. P. 82, as supporting the proposition that the first user owes a duty to an infringer. In our submission, however, each of those cases supports the position of the petitioner, because in each case the Court held in favor of the *first user* of the mark in the territory in question. Those cases turned on the questions of unfair competition, *per se,* because each involved a *non-technical mark.*

## V. JURISDICTION OF COUNTERCLAIM.

The respondent has naively assumed that by confessing that its original charge of infringement of its registered trade-mark could not be sustained, it could make it follow that the *only* issue before the Court was one of unfair competition by petitioner. Thus in the brief which respondent filed as Plaintiff-Appellee, in the Court of Appeals, it is stated:

> "Thus, that part of the complaint which charged infringement of a registered trade-mark was not sustained. No use of the mark, by defendant-appellant having been shown or established in interstate or foreign commerce, the jurisdiction claimed by reason of the alleged infringement of a registered trade-mark did not exist. Therefore, that part of the complaint was necessarily eliminated from the case. Jurisdiction by virtue of diversity of citizenship was sustained, however, and the sole remaining ground of the action, i.e., unfair competition, became and now is the only issue before the Court."

The above quoted proposition entirely ignores the counterclaim of petitioner, charging infringement of its

common law trade-mark. That matter was just as much before the Court as respondent's charge of unfair competition. Respondent brought the suit in the Northern District of Ohio and alleged diversity of citizenship, and the proper financial amount, as well as infringement of its U. S. registration. The failure of a plaintiff to make good part of its complaint cannot deprive the defendant of its right to proceed under its counterclaim. (*Leman vs. Krentler-Arnold Hinge Last Co.*, 284 U. S. 448; *General Electric Co. vs. Marvel Rare Metals Co.*, 287 U. S. 430.)

Nevertheless, all of the tribunals have fallen into the error of considering the situation as if it were merely a case of unfair competition between two parties using non-technical trade-marks which might have a secondary meaning, resulting in overlapping rights. Each of the tribunals has failed to appreciate that an infringer cannot, by his infringement, obtain rights against the party whose technical trade-mark he has infringed.

**VI. MISUNDERSTANDING OF MASTER'S FINDINGS.**

The Court of Appeals fell into a grave error in assuming that the Master had found that petitioner had "sporadically" used the representation of the *flying horse* as a trade-mark, whereas all that Master held in that connection was that the use of the color *red* for petitioner's flying horse was sporadic. The Master held definitely that petitioner had made sufficient use of a flying horse as a trade-mark prior to the time of respondent's entry into the territory so that petitioner had acquired a right to the trade-mark in that territory (Rec., p. 52). When the Master stated that such use of a red horse as there may have been was inconspicuous and sporadic (Rec., p. 50) he took occasion to underline the word "red." There is no justification in the record for the Court holding that the use of a flying horse symbol as a trade-mark was sporadic.

The Court of Appeals stated that petitioner had *remodeled* its representation for a flying horse to make it resemble the mark of respondent, whereas what the Master had held was that petitioner's original horse was a "somewhat less streamlined type of flying horse" (Rec. pp. 48, 51). That is far from "remodeling." It is admitted by both parties that respondent's original portrayal of a flying horse was confusingly similar to that of petitioner. The insignificance of any change made in petitioner's portrayal of its flying horse is evident for instance from a comparison of petitioner's early flying horses in Exhibit 570, R. p. 123 (see testimony of the painter, Elmer Allen, R. p. 88), or the horse on petitioner's 1932 delivery truck, Exhibit 347 (R. p. 125), or on the glass insert, Exhibit 530 (R. p. 245), with the later portrayal on the pump glass Exhibit 80 (R. p. 147), or in petitioner's Ohio registration, Exhibit 526 (R. p. 97).

It is our contention that a flying horse is a flying horse, and that the public would not appreciate any difference in the artistry with which it is portrayed.

As was well said by the Judge of the District Court of the District of Rhode Island in the case of *Gordon's Dry Gin Co., Lmt'd. vs. Eddy & Fisher Co.*, 346 Fed. Rep. 954 (where each party used a representation of a boar's head as a trade-mark):

> "Upon comparison there is considerable difference in the drawings, and it is probable that one familiar with the plaintiff's drawing would at once perceive the difference. This, however, is not a sufficient justification for the use of a boar's head by the defendant. The defendant's trade-mark answers the general description of plaintiff's in that it is a boar's head."

The Circuit Court of Appeals cites *Elgin National Watch Company v. Illinois Watch Company*, 179 U. S. 665 (R. p. 272) in support of the conclusion that the facts as found by the Master give rise to a strong presumption that petitioner refined his trade-mark and chose its color to

resemble more closely the respondent's color, and resumed its use for the purpose of appropriating a part of the business of respondent.

In our submission the *Elgin* case is inapplicable to support the aforesaid conclusions, because it is not one which involves infringement of a *technical* trade-mark. In that case the word "Elgin" was held by the Court to constitute a geographical location, and as such was a *descriptive* mark. The Court in that case *expressly exempted* any suggestion that it was deciding the case on the ground of a technical trade-mark. Indeed in that case the court said:

> "If a plaintiff has the absolute right to the use of a particular word or words as a trade-mark, then, if an infringement is shown, the wrongful or fraudulent intent is presumed, and although allowed to be rebutted in exemption of damages, the further violation of the right of property will nevertheless be restrained."

The Court of Appeals implies that if petitioner had used only a white flying horse he could have stopped the use of a red flying horse by respondent. How then does he lose that right by using a red flying horse himself? If a red flying horse when used by respondent is the equivalent of a white flying horse when used by petitioner, then the petitioner's red flying horse is necessarily the equivalent of its own white flying horse, and petitioner's use of red cannot change the situation. Moreover, petitioner has continued to use also the white flying horse, as shown for example in Exhibit 570, Rec., p. 123.

The Special Master found (R., p. 50) that prior to October 1932 "Such use of a red horse as there may have been was inconspicuous and sporadic." At R., p. 51, Section 9, the Special Master referred to the defendant's use of a white horse on some billboards, oval signs and cut-out signs as late as in the latter part of 1939, but did not state that such use was sporadic. In the ultimate finding of fact, No. 4 (R., p. 50) the Master found that defendant's

use of the mark was usually white in color prior to the time that respondent began to use it in this field.

The District Court also found:

> "The defendant, on the other hand, in 1931 and 1932, without any knowledge of the plaintiff's prior use of a flying horse, had developed the use of such a symbol in Ohio. The evidence reveals, however, that with the exception of some intermittent, sporadic or occasional use of a flying horse red in color, the defendant's symbol, for the most part, was a flying horse or horses of 'horsepower' design and white or varied in color."

## VII. NO ABANDONMENT; NO LACHES.

We submit that the only theory which could justify the action of the Court of Appeals in declining to enforce petitioner's trade-mark was that petitioner had abandoned it, or had been guilty of such laches as would prevent enforcing it, but the Master held (and the District Court approved) that there had been no abandonment (Rec. p. 45) and no laches (Rec. p. 47) and the respondent took no exception to those holdings. When no exception is taken, a party is precluded from thereafter objecting to the Master's findings, as was pointed out by the Court of Appeals where they say "The findings of fact by Master cannot be reviewed upon appeal where there are no exceptions to his report and this is especially true where there are no objections to the Court's approval of the Master's findings."

Nevertheless, the Court of Appeals, while not holding either abandonment or laches, treated the case as if there had been abandonment. That Court after commenting on the Master's findings as to petitioner's activities before respondent entered the territory said "If nothing else appeared in the case, this finding would be sufficient to support Oil City's counterclaim and it would be entitled to an injunction against Socony."

But the Court of Appeals said "After eight years of Socony's business activities in this territory, Oil City

commenced to use exclusively a trade-mark emblem which is indistinguishable by the ordinary observer from Socony's." This seems to imply that the Court treated the matter as if there was the cessation of petitioner's use of the trade emblem for eight years. As a matter of fact, petitioner was using a trade-mark emblem of a flying horse which the ordinary observer would not distinguish from respondent's continuously from petitioner's adoption of the mark up to the present time.

Even when petitioner was selling other retailers' gasoline at some of its stations, under the trade-marks of those retailers, it was at other stations continuing to use its own trade-mark of the flying horse. Moreover, some of the stations where other gasoline was sold were "split accounts," i.e., partly petitioner's products, and partly those of another manufacturer. Petitioner's product however carried the flying horse symbol.

## VIII. FRAUD BY RESPONDENT.

The Court of Appeals has treated this case as if petitioner were guilty of fraud by using its own trade-mark in a way to curtail or interfere with the infringing activities of respondent in petitioner's territory; but the fraud in this case was by respondent in wantonly and extensively using the flying horse as a trade-mark for petroleum products in Ohio over the protest of petitioner.

> "No one has the right to use the technical trademark of another in connection with like goods but if he does and persists after being notified to desist, fraud and imposition, which constitute the essence of the injury, will be presumed and relief granted." *Mishawaka Rubber & Woolen Mfg. Co. vs. S. S. Kresge Co.*, 119 F. (2d) 316 (C. C. A. 6).

The Circuit Court of Appeals referred to *Hanover Star Milling Company vs. Metcalf*, 240 U. S. 403 (R. p. 272), as being authority for the application of the doctrine of unfair competition to the conduct of *petitioner* in the

case at bar. In our submission, however, the Circuit Court of Appeals has misapplied the *Hanover* case, because, there, the unfair competition was not by the party who was the *first user* of the trade-mark in the State of Alabama, but by the *newcomer* into that territory, accordingly, "The shoe is on the other foot." (Mr. Justice Frankfurter in *Mishawaka Rubber & Woolen Mfg. Company vs. S. S. Kresge & Company,* 316 U. S. 203.)

No authority has been cited to substantiate the proposition that an infringer of a technical mark can, by charging the owner of the mark with unfair competition, preclude granting of relief to the owner under his rights at common law.

## IX. COSTS TO PETITIONER.

We submit that in addition to an injunction and an accounting in favor of petitioner, petitioner is entitled to an award of costs before the Master, the District Court, and the Court of Appeals. It is established that petitioner was the first to adopt and use the symbol of a flying horse as a trade-mark for petroleum products in the State of Ohio, and it is established that respondent had extensively infringed that trade-mark in the State of Ohio over the protest of petitioner. This violation by respondent formed the basis of petitioner's counterclaim, which prayed for the dismissal of the complaint at plaintiff's cost, as well as for profits and damages at an increased rate and an injunction. We submit that that counterclaim should be sustained and its prayers granted.

## X. COSTS TO JOHN ROSKI.

The District Court dismissed the complaint as to John Roski, but did *not* award him costs.

The Court of Appeals on plaintiff's appeal affirmed the dismissal and awarded Roski his costs in the Appellate Court, but declined to award them to him in the District Court.

If Appellate Court was right in awarding costs to Roski (because they affirmed the dismissal) it follows that the District Court was wrong in *not* awarding costs to him when that Court dismissed the complaint as to him. Hence, the Court of Appeals erred in not instructing the District Court to amplify its dismissal of John Roski by awarding him his costs in that Court and before the Master.

## CONCLUSION.

All of the tribunals who have passed judgments on this case (the Master, the District Court and the Court of Appeals) have agreed that, before respondent ever used the flying horse trade-mark in Ohio, petitioner had established a prior right in the State of Ohio, and that petitioner has never abandoned the same and is not guilty of laches in enforcing such right. This gives petitioner a right to say to all the world "I am not concerned with what you do outside of Ohio, but within Ohio you shall not use a symbol of a flying horse as a trade-mark for petroleum products."

Therefore, when respondent thereafter entered Ohio with the same trade-mark, over the protest of petitioner, it became a trespasser *ab initio*, and as such it has *no rights* to the use of *any* flying horse as a trade-mark for petroleum products in the State of Ohio. From this it must follow that the use by respondent of a mark confusingly similar to that of petitioner in the State of Ohio should be enjoined.

The denial of justice, in refusing an injunction to petitioner, becomes a perversion when petitioner is prohibited from using its own mark in a specific color because that might interfere with the infringing activities of the trespasser.

We submit that the decision of the Circuit Court of Appeals encourages wanton infringement of trade-marks

by those who have sufficient funds to infringe extensively and are willing to confine their infringements to a single color. If the decision is allowed to stand, the owners of established trade-marks may find that they are relegated to the use of such marks in a single color, lest they interfere with the trade of infringers who have entered their territory over their protests. And if the mark is so distinctive in shape that a difference in color would not avoid confusion then the public is misled, with the sanction of the Court. The granting of this petition will prevent such anomalous and unjust situation.

Respectfully submitted,

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